

PROVINCIAL TREASURY WESTERN CAPE
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06 JUN 2019
7 WALE STREET, CAPE TOWN 8001 BUSINESS INFORMATION AND DATA MANAGEMENT

ITEM 19/05/29/4.2 VAN DIE NOTULE VAN DIE SPESIALE RAADSVERGADERING
VAN DIE WESKUS DISTRIKSMUNISIPALITEIT WAT GEHOUL SAL WORD OP
29 MEI 2019

ITEM 19/05/29/4.2 OF THE MINUTES OF THE SPECIAL COUNCIL MEETING OF THE
WEST COAST DISTRICT MUNICIPALITY TO BE HELD ON 29 MAY 2019

Author: Dr J Tesselaar **Directorate:** Finance **Department:** Financial Management
and Control

File reference: 13/1/B **Date:** 29 May 2019

REPORT TO COUNCIL

**SUBJECT: MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK (MTREF) AND
BUDGET 2019/2020, 2020/2021 & 2021/2022**

Die item het gedien tydens die Uitvoerende Burgemeesterskomitee gedateer
20 Mei 2019:

The item served at the Executive Mayoral Committee dated 20 May 2019:

Die konsep Medium-Termyn Inkomste en Uitgawe Raamwerk (MTIUR) en Begroting
2019/2020, 2020/2021 & 2021/2022 het voor die Raad gedien op 27 Maart 2019 deur
middel van item 19/03/27/4.2.1.1.

The Draft Medium Term Revenue and Expenditure Framework (MTREF) and Budget
2019/2020, 2020/2021 & 2021/2022 served before Council on 27 March 2019 by means
of item 19/03/27/4.2.1.1.

DOEL

Die doel van die verslag is om die Medium-Termyn Inkomste en Uitgawe Raamwerk
(MTIUR) en Begroting 2019/2020, 2020/2021 & 2021/2022 aan die Raad van die Weskus
Distriksmunisipaliteit voor te hou vir goedkeuring.

Strategiese Doel: Om finansiële volhoubaarheid te verseker.

PURPOSE OF THE REPORT

The purpose of the report is to submit the Medium Term Revenue and Expenditure
Framework (MTREF) and Budget 2019/2020, 2020/2021 & 2021/2022 of the West Coast
District Municipality to Council for approval.

Strategic objective: To ensure financial sustainability.



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AGTERGROND

’n Afskrif van die MTIUR en Begroting 2019/2020, 2020/2021 & 2021/2022 is aangeheg as Bylaag.

Die regsraamwerk vir die Geïntegreerde Ontwikkelingsplan (GOP) word vervat in Hoofstuk 5 van die Plaaslike Regering: Munisipale Stelselswet, 2000 (Wet 32 van 2000) en Begroting in Hoofstuk 4 van die Plaaslike Regering: Munisipale Bestuurswet, 2003 (Wet 56 van 2003). Ingevolge die regsproses moet die GOP en Begroting nie later as 31 Mei 2019 aan die Raad voorgehou word vir aanvaarding.

MTIUR en Begroting 2019/2020, 2020/2021 & 2021/2022 was gewerkswinkel op 5 Maart 2019 met alle Raadslede in die Begroting samestelling proses voor die formele voorhou van die Begroting aan die Raad in Mei 2019.

MFMA Omsendskrywe nommer 94 gedateer 8 Maart 2019 voorsien riglyne insake die samestelling van die Begroting.

BACKGROUND

A copy of the West Coast District Municipality’s MTREF and Budget 2019/2020, 2020/2021 & 2021/2022 are attached.

The legal framework for the Integrated Development Planning and Budget is contained in Chapter 5 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) and Chapter 4 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). In terms of the legislative, the IDP and budget must be tabled to Council by no later than 31 May 2019 for ratification.

The MTREF and Budget 2019/2020, 2020/2021 & 2021/2022 was workshopped on 8 March 2019 with all Councillors and the Budget compilation process prior to the formal tabling of the Budget to Council in May 2019

MFMA Circular number 94 dated 8 March 2019 provided guidelines regarding the compilation of the Budget.



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WETLIKE IMPLIKASIE / LEGISLATIVE CONTEXT

Section 16 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) dealing with the tabling of annual budgets, inter alia, reads as follows:

- “(1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1) the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.”

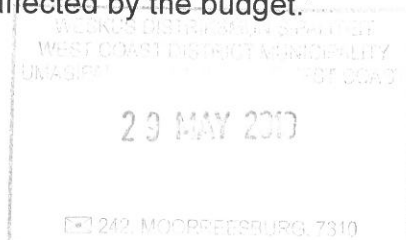
Council must in terms of Section 21(1) (2) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) annually review the Integrated Development Plan and Budget.

In terms of Section 21 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003):

- “(1) The mayor of a municipality must:
 - (a) co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to SO ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible.
- (2) When preparing the annual budget, the mayor of a municipality must:
 - (a) Take into account the municipality's integrated development plan; and
 - (b) Take all reasonable steps to ensure that the municipality revises the integrated development plan in terms of section 33 of the Municipal Systems Act taking into account realistic revenue and expenditure projections for future years.”

Section 22 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) highlights:

- “(a) In accordance with Chapter 4 of the Municipal Systems Act:
 - (i) Make public the annual budget and the documents referred to in section 17(3); and
 - (ii) Invite the local community to submit representations in connection with the budget.
- (b) submit the annual budget-
 - (i) In both printed and electronic formats to the National Treasury and the relevant provincial treasury; and
 - (ii) In either format to any prescribed national or provincial organs of state and to other municipalities affected by the budget.”



Section 23 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) stipulates as follows:

- “(1) When the annual budget has been tabled, the municipal council must consider any views of:
- (a) The local community; and
 - (b) The National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget.
- (2) After considering all budget submissions, the council must give the mayor an opportunity-
- (a) To respond to the submissions; and
 - (b) If necessary, to revise the budget and table amendments for consideration by the council.”

Section 24 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) dealing with the approval of annual budgets and, inter alia reads as follows:

- “(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget:
- (a) Must be approved before the start of the budget year;
 - (b) Is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i);
 - (c) Must be approved together with the adoption of resolutions as may be necessary:
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and
 - (v) approving any changes to the municipality's budget-related policies.
- (3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.”

BESPREKING

Alle veranderinge en kommentaar rakende die konsep MTIUR en Begroting 2019/2020, 2020/2021 & 2021/2022 wat voor die Raad gedien het op 27 Maart 2019 is vervat in Aanhangsel G – getiteld “Register of Changes and Comments”.



DISCUSSION

Changes and comments relating to the draft MTREF and Budget 2019/2020, 2020/2021 & 2021/2022 tabled to Council on 27 March 2019, are recorded as part of Annexure G – titled “Register of Changes and Comments”.

The Director Finance reported that Cederberg- and Matzikama Municipality agreed that West Coast DM render the Fire Services Function on their behalf. He further highlighted the comments as received during the public participation period. The following institutions objected the fire tariffs and is of the opinion that the tariffs are too high and above inflation: “Moorreesburg Landbou Vereniging, Modderasvlei Beleggings Trust, Malmesbury Landbou Vereniging and Swartland Municipality”.

Institutions are motivated to join the Fire Protection Association (FPA) to ensure prevention of fires. If members adhere to the conditions of the FPA, they receive free fire services.

With reference to Ganzekraal, Ald Nackerdien thanked all role-players involved in an effort to make Ganzekraal profitable or to break even. The Director Finance reported that Ganzekraal will be utilised more for Fire Training.

FINANSIËLE IMPLIKASIE

Inligting soos vervat in die MTIUR en Begroting 2019/2020, 2020/2021 & 2021/2022.

FINANCIAL IMPLICATION

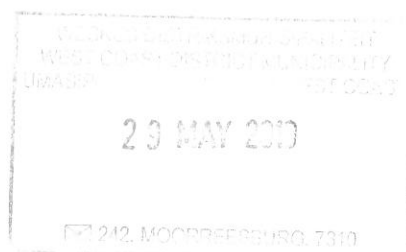
Information as contained in the MTREF and Budget 2019/2020, 2020/2021 & 2021/2022.

The Executive Mayor proposed that the MTREF and Budget 2019/2020, 2020/2021 & 2021/2022 be approved, seconded by Ald Schippers.

Council voted by the show of hands:

For the proposal: 16

Cllr RW Strydom
Ald JH Cleophas
Cllr RE Swarts
Cllr G Stephan
Cllr JA Engelbrecht
Cllr J Alexander
Cllr JJ Hoop
Cllr M Carosini
Cllr R Pretorius
Cllr JC Botha
Ald FJ Schippers



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Cllr M Schrader
Cllr SM Scholtz
Ald BJ Stanley
Cllr VD McQuire
Cllr CH Papers

The following Councillors who is not in favour for the approval of the MTREF and Budget 2019/2020, 2020/2021 & 2021/2022 voted by the show of hands:

Against the approval: 6
Ald E Plaatjies
Cllr F Kamfer
Cllr Ngobo
Cllr NS Qunta
Ald SIJ Smit
Cllr EB Mankay

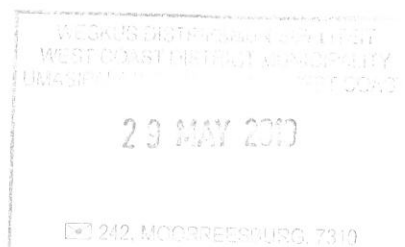
Council resolved the following:

BESLUIT:

1. **DAT DIE MTIUR EN BEGROTING VIR 2019/2020, 2020/2021 & 2021/2022 FINANSIËLE JARE GOEDGEUR WORD:**

UITGAWE	R 376 039 341
INKOMSTE	R 376 630 518
SURPLUS	R 591 177
KAPITAAL BULK WATER	R 2 870 000
KAPITAAL WCDM	R 6 556 776;

2. **DAT DIE MUNISIPALE TARIEWE GOEDGEKEUR WORD; EN**
3. **DAT KENNIS GENEEM WORD DAT DIE MTIUR EN BEGROTING VIR DIE 2019/2020, 2020/2021 & 2021/2022 FINANSIËLE JARE VAN DIE WESKUS DISTRIKSMUNISIPALITEIT VOLGENS DIE "MUNICIPAL REGULATIONS ON A STANDARD CHART OF ACCOUNTS (MSCOA) GEKLASSIFISEER EN GEÏMPLEMENTEER IS EN AAN DIE MSCOA VOORSKRIFTE VOLDOEN.**



RESOLVED:

1. THAT THE MTREF AND BUDGET FOR THE 2019/2020, 2020/2021 & 2021/2022 FINANCIAL YEARS BE APPROVED:

EXPENDITURE	R 376 039 341
REVENUE	R 376 630 518
SURPLUS	R 591 177
CAPITAL BULK WATER	R 2 870 000
CAPITAL WCDM	R 6 556 776;

2. THAT THE MUNICIPAL TARIFFS BE APPROVED; AND
3. THAT COGNISANCE BE TAKEN THAT THE MTREF AND BUDGET FOR THE 2019/2020 – 2021/2022 FINANCIAL YEARS OF THE WEST COAST DISTRICT MUNICIPALITY WAS IMPLEMENTED ACCORDING TO THE MUNICIPAL REGULATIONS ON A STANDARD CHART OF ACCOUNTS (MSCOA) CLASSIFICATION AND IS MSCOA COMPLIANT.



ITEM 19/05/29/4.3 VAN DIE NOTULE VAN DIE SPESIALE RAADSVERGADERING VAN DIE WESKUS DISTRIKSMUNISIPALITEIT WAT GEHOU SAL WORD OP 29 MEI 2019

ITEM 19/05/29/4.3 OF THE MINUTES OF THE SPECIAL COUNCIL MEETING OF THE WEST COAST DISTRICT MUNICIPALITY TO BE HELD ON 29 MAY 2019

Author: DR JCP Tesselaar **Directorate:** Finance **Department:** Finance
File reference: 13/1/B **Date:** 29 May 2019

REPORT TO COUNCIL

SUBJECT: SPECIAL 2018/2019 YEAR-END ADJUSTMENT BUDGET

Die item het gedien tydens die Uitvoerende Burgemeesterskomitee gedateer 20 Mei 2019:

The item served at the Executive Mayoral Committee dated 20 May 2019:

PURPOSE OF THE REPORT

The purpose of the report is to seek Council's approval for the proposed 2018/2019 Year-end Adjustment Budget Items relating to Capital- and Operational Expenditure.

BACKGROUND

Capital:

As part of the 2018/2019 Adjustment Budget, Capital Expenditure amounting to R 10 425 611 was approved. Capital Expenditure relating to the buying of the Landfill-site amounting to R 320 000 can be re-utilised as Grant Funding was secured for Consultancy Fees. R 345 000 of the Spatial Development Framework Plan will not be spent in the 2018/2019 Financial Year and needs to be added/considered as part of the 2019/2020 Roll-over Adjustment Budget.

All projects (excluding the Spatial Development Framework Plan) were concluded and an amount of R 889 130-45 can be re-utilised for spending purposes. A further amount of R 456 520-87 was determined by various Cost Centre Owner for spending before 30 June 2019.

Income and Expenditure:

As part of the Adjustment Budget expenditure and income items, relating to cost centre "Health Water Working", were approved – these expenditure items amounting to



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R 1 750 000 for both expenditure and income, will not materialised and/or utilised in the 2018/2019 Financial Year.

2 (Two) Capital Projects relating to ICT, namely Connectivity and Time & Attendance were approved – no provision was foreseen as the effective date was determined as 1 July 2019 for the implementation of these projects – these projects were however operational with effect 1 May 2019.

As part of the Concession Agreement, relating to the Bulk Water function, the West Coast District Municipality established an intangible asset to the value of the outstanding Borrowing amount.

The mentioned Borrowing will annually decrease with redemption paid – the mentioned Redemption will be recovered from the 3 (three) participating B-municipalities.

ATTACHMENT

Summary Capital Expenditure and Re-utilisation MTREF 2018/2019.

LEGISLATIVE CONTEXT

Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003).

DISCUSSION

Capital:

The available Capital Spending amounting to R 889 130-45 to be utilised as follows:

- ICT Communication equipment & devices (Reference 1);
- Upgrading Municipal Manager Boardroom (Reference 2);
- Boilers, Grass- and Brush Cutter (Reference 3); and
- Construction Fire Fighting Offices to accommodate Municipal Health, Upgrading Ganzekraal and Fire Fighting Drone (Reference 4).

Income & Expenditure:

The following budget relating to Health Water Working be deleted/decreased:

- Expenditure amounting to R 1 750 000; and
- Income amounting to R 1 750 000.

The following expenditure relating to ICT be added as part of the 2018/2019 Budget:

- ICT Connectivity – R 600 000; and



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- Time- and Attendance – R 120 000.

Depreciation on the Intangible Asset (value of Borrowing) amounting to R 13 079 530 be added as part of the 2018/2019 MTREF.

FINANCIAL IMPLICATION

Various changes to the 2018/2019 MTREF as highlighted under background & discussion.

Discussion at the Executive Mayoral Committee dated 20 May 2019:

The Director Finance reported that they undertook to utilise the savings and relocate it for spending on the following:

1. ICT Communication Equipment & Devices
2. Upgrading Municipal Manager Boardroom
3. Boilers, Grass and Brush Cutter
4. Construction Fire Fighting Offices to accommodate Municipal Health, Upgrading Ganzekraal and Fire Fighting Drone

On enquiry of the Chairperson, the Senior Manager Income and Expenditure reported that the drone as referred to in item 4 of the recommendation, battery live is a minimum of 30 minutes. The maximum speed is 62km/h and the drone comes with 3 batteries and covers an 8 km radius.

The Director Finance reported that the orders closed on 30 April 2019. However, day-to-day orders and emergency orders are still issued. This is to ensure that invoices are all paid at the end of the financial year and the financial statements be finalised early for submission and decrease orders in the final month of the financial year. The early closing for submission of order numbers do not have an influence on service delivery.

On enquiry of Ald Nackerdien, the Director Finance reported that the savings are transferred to the Capital Replacement Reserve Funds. The Municipal Manager informed the committee that it is not beneficial to have savings on the Capital budget and that it is better to have a saving on the Operational budget.

Cllr Pretorius proposed that the Special 2018/2019 year-end Adjustment Budget be approved, seconded by Cllr Stephan.

Council voted by the show of hands:
For the proposal: 16

Cllr RW Strydom
Ald JH Cleophas
Cllr RE Swarts



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Cllr G Stephan
Cllr JA Engelbrecht
Cllr J Alexander
Cllr JJ Hoop
Cllr M Carosini
Cllr R Pretorius
Cllr JC Botha
Ald FJ Schippers
Cllr M Schrader
Cllr SM Scholtz
Ald BJ Stanley
Cllr VD McQuire
Cllr CH Papers

The following Councillors who is not in favour for the approval of the MTREF and Budget 2019/2020, 2020/2021 & 2021/2022 voted by the show of hands:

Against the approval: 6

Ald E Plaatjies
Cllr F Kamfer
Cllr Ngobo
Cllr NS Qunta
Ald SIJ Smit
Cllr EB Mankay

Council resolved the following:

RESOLVED:

1. THAT THE CAPITAL (2018/2019 MTREF) SPENDING SAVINGS BE UTILISED TO FUND THE FOLLOWING CAPITAL EXPENDITURE:

- a) **ICT COMMUNICATION EQUIPMENT & DEVICES**
- b) **UPGRADING MUNICIPAL MANAGER BOARDROOM**
- c) **BOILERS, GRASS- AND BRUSH CUTTER**
- d) **CONSTRUCTION FIRE FIGHTING OFFICES TO ACCOMMODATE MUNICIPAL HEALTH, UPGRADING GANZEKRAAL AND FIRE FIGHTING DRONE**



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2. THAT THE INCOME & EXPENDITURE (MTREF 2018/2019) BE ADJUSTED AS FOLLOWS:

a)	HEALTH WATER WORKING EXPENDITURE DECREASE	R 1 750 000
b)	HEALTH WATER WORKING REVENUE DECREASE –	R 1 750 000
c)	ICT CONNECTIVITY EXPENDITURE INCREASE –	R 600 000
d)	ICT TIME AND ATTENDANCE INCREASE –	R 120 000
e)	DEPRECIATION ON INTANGIBLE ASSET INCREASE –	R13 079 530

